Further, RBI has issued detailed guidelines to the banks to capture the credit risk associated with their traditional lendings as well as their investments, in accordance with the risk rating assigned to such exposures by the external credit rating agencies. In respect of the investments of banks, RBI has issued detailed guidelines to capture the market risk comprising of interest rate risk, foreign exchange risk, equity risk and commodity risk, etc. in investments. The banks are required to maintain minimum regulatory capital, on an ongoing basis, for credit risk, market risk and operational risk in accordance with RBI guidelines.

Modus operandi of STR

478. SHRI S.S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) whether it has been made mandatory for stock brokers to bring incidents of suspicious transactions to Government's notice through a report called "Suspicious Transaction Report" (STR) prescribed for this purpose;

(b) if so, the details of the instructions so issued indicating the basic features of STR system and its *modus operandi;*

(c) the number of STRs received from stock brokers since its inception, investigations carried out and number of instances where STRs led to actionable evidences of money laundering or unlawful transactions; and

(d) the details of action taken in respective cases, indicating current status of each?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) Section 12 of the Prevention of Money Laundering Act, 2002 (PMLA) read with the rules framed thereunder (PMLA Rules), require furnishing of suspicious transaction by various entities in the financial sector including stock brokers, to the Financial Intelligence Unit, India (FIU-IND).

"Suspicious Transaction" in the PMLA Rules means a transaction, including an attempted transaction, whether or not made in cash, which to a person acting in good faith -

(a) gives rise to a reasonable ground of suspicion that it may involve the proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or

(b) appears to be made in circumstances of unusual or unjustified complexity; or

(c) appears to have no economic rationale or bonafide purpose; or

(d) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

The Principal Officer of a banking company, a financial institution and an intermediary, as the case may be, shall furnish the information to the Director, FIU-IND, in respect of suspicious transactions, not later than seven working days on being satisfied that the transaction is suspicious.

The Securities and Exchange Board of India (SEBI) has issued circulars to securities market intermediaries, including stock brokers, registered under Section 12 of the SEBI Act, 1992, advising them to put necessary systems and procedure in place for fulfilling their obligations under the PMLA and PMLA Rules.

(c) Till date 528 Suspicious Transaction Reports (STRs) have been received from stock brokers including depositary participants in FIU-IND. After analysis and processing, 377 STRs have been disseminated for investigation to relevant authorities.

(d) Follow up action on the STRs disseminated by FIU-IND is taken by the relevant authorities. As there is no central data base regarding action taken on STRs, it is not feasible to indicate the current status of each case.

Credit card frauds

479. SHRI RAMDAS AGARWAL : Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that economic offences are on the rise in the country, particularly credit card frauds;

(b) if so, the details thereof indicating the number of frauds in the credit card segment and amount involved therein as reported by banks to Reserve Bank of India (RBI) during last three years, including the current year;

(c) how much amount has so far been become Non Performing Assets (NPA) in various banks in last three years and current year; and

(d) the steps being taken or proposed to be taken by Government to check such rising trend to economic offences including lucrative marketing and pre-launch scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) RBI has reported that they do not have comprehensive data on economic offences in the country. However, the data on frauds including in the area of credit cards reported by commercial banks is furnished below:

(Amount in lakh)

Year	2006		2007		2008		2009 (upto September)	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
TOTAL	17258	3000.52	17294	3844.79	16962	4497.39	16393	5027.96

(c) The details of NPAs in credit cards (consolidated) pertaining to all Banks during the last three years including the current year is as under:-